

India

The Indian market is one of the largest and fastest growing economies in the world, but the Indian market continues to be one of the most challenging markets for U.S. exporters of textiles and apparel. U.S. exporters continue to encounter tariff and nontariff barriers that impede exports of U.S.-made textiles and apparel into India, including the Government offering subsidies to its textile and apparel sector in order to promote exports that benefit the domestic textile and apparel sector. Exporters are encouraged to look for niche opportunities to enter the Indian Market.

Non-wovens	14	Spec. & Ind.	12	Overall Rank	12
Medical	21	Protective	27		

India is the 21st largest market for U.S. exports of textiles and apparel, even though India continues to be one of the most challenging markets for U.S. exporters of textiles and apparel.²⁸ In 2014, U.S. textile and apparel exports to India totaled \$174.6 million dollars, which is an 51 percent increase over the \$115.7 million exported in 2009.²⁹

India's textile and apparel industry is considered the backbone of the Indian economy. As the second largest producer of textiles and apparel in the world, the industry is the second largest employer after the agriculture sector. The textile and apparel industry directly employs about 45 million people and indirectly employs about 60 million people.³⁰

Overview of the Technical Textile Market

The Indian textile industry is emerging as a significant market for technical textiles due to factors like economic growth, strong government support, the introduction of necessary legislation and the development of tests and standards. Technical textiles are becoming one of the most promising sectors within the Indian textile industry.³¹

Currently domestic consumption of technical textiles only accounts for three percent of the total world consumption; however, demand for technical textiles is growing at a faster rate than it is in most developed countries.³²

The strength of the Indian textile industry comes from its export earnings. The competitive advantage that India had in terms of its labor cost has been eroding slowly due to competition from countries like

Bangladesh and Vietnam that offer a skilled workforce and cheaper labor. In addition to labor costs, the decrease in consumer spending during the global economic recession has forced the Indian textile industry to focus its attention to developing its technical textile sector.³³

The Indian Government's incentive programs, focusing on both the development and production of technical textiles and the promotion of technical textile exports, have been key to the rapid growth of the technical textile industry. Programs implemented to stimulate the growth of the technical textile sector include³⁴:

- Reduction in customs duties placed on imported technical textile machinery.
- Investment promotion programs to assist companies that are developing and manufacturing technical textiles.
- Market development support for both the domestic and international markets.
- An exemption in custom duties for raw materials used in the manufacturing of technical textiles.

Due to the focus the Indian Government has placed on the development and production of technical textiles, U.S. exports of technical textiles to India have grown at a compound annual growth rate of 10 percent between 2008 and 2014. U.S exports of technical textiles are projected to be worth \$88 million by 2016 and increase of \$15 million from 2014.³⁵

Challenges and Barriers to Technical Textile Exports

The Indian market continues to be one of the most challenging markets for U.S. exporters of textiles and apparel to enter. U.S. exporters continue to encounter tariff and nontariff barriers that impede exports of U.S.-made textiles and apparel into India, including the Government offering subsidies to its textile and apparel sector in order to promote exports that benefit the domestic textile and apparel sector.³⁶

Challenges facing U.S. suppliers of technical textiles who are interested in entering the Indian market include:

Foreign Direct Investment: Technology transfers are one of the key factors that have driven the Government's promotion of FDI, including the development of Special Economic Zones (SEZs)³⁷, which may not be advantageous to the foreign investors looking to protect their intellectual property.

Price: Another challenge that U.S. suppliers of technical textiles must address when entering the Indian market is price sensitivity. U.S. suppliers need to offer competitive prices in order to compete in the Indian market, because both Chinese and European suppliers are deeply entrenched in the market.³⁸

Time: India's customs officials generally require extensive documentation, which may inhibit the flow of trade and may lead to processing delays. These delays are a consequence of India's complex tariff structure and multiple exemptions, which vary depending on the product, user, or intended use.³⁹

Subsidies: India maintains several export subsidy programs that the Indian textile industry may benefit from, including⁴⁰:

- Exemptions from taxes for exporters in the SEZs.
- Duty drawback programs that appear to allow for drawback in excess of duties levied on imported inputs.
- Pre-shipment and post-shipment financing to exporters at a preferential rate.
- Exemptions from customs duties and internal taxes, which are tied to export performance.

Other challenges facing U.S. exporters that are being addressed by the Indian Government under various

technical textile promotion programs but may impede entry into the Indian market include⁴¹:

- Awareness: Consumers are not fully aware of the benefits of technical textiles especially in the medical and agriculture sectors.
- Standard and Regulations: India lacks defined standards and regulations (i.e. building codes) that would promote the usage of products made from technical textiles
- Cost: The cost of high-end products is causing low demand from consumers.

These challenges should not necessarily dissuade a U.S. supplier from entering the Indian market. U.S. suppliers should use due diligence and develop a comprehensive export strategy before attempting to enter the market.⁴²

Opportunities for U.S. Companies

Unlike traditional textile sectors in India which are export intensive, the technical textile sector is an import intensive industry. About 30 percent of domestic demand is being met by imports. Technical textile components used in applications like baby diapers, incontinence diapers, and fabrics used to manufacture high altitude clothing are examples of best prospects for U.S. exporters looking to enter the Indian Market.⁴³

Nonwovens

India's nonwoven fabric is still in its early stages, and is a sector of the textile industry that relies heavily on imports.⁴⁴ In 2014, U.S. exports of nonwoven textiles to India totaled \$26.5 million which is a 139 percent increase over \$11.1 million exported in 2009.

Nonwoven fabrics used as applications in the construction, infrastructure, filtration, and automotive sectors provide the best opportunities for U.S. suppliers of technical textiles.

Specialty and Industrial Fabrics

India's specialty and industrial fabric industry is highly fragmented and still in its infancy. India's share of the global specialty and industrial fabric market was about 9 percent in 2011 and was about the same in 2012. About 67 percent of India's production is of commodities; only 33 percent is high-end products.⁴⁵

In 2014, the U.S. exported \$36.4 million in specialty and industrial fabrics to India. This was a 63 percent increase from the \$22.3 million exported in 2009. Indian domestic demands for specialty and industrial fabric include⁴⁶:

- Geogrids
- Geomembranes
- Umbrella fabric (used in sun umbrellas)
- Sail cloth
- Ballooning fabric
- Hoarding Fabric
- Airbag fabrics

Medical Textiles

Domestic demand for medical textiles is growing in India, but the sector is still dependent on imports due to the non-availability of the fabrics used in making these products or the lack of manufacturing technologies to manufacture these technical textiles.

In 2014, U.S. exports of medical textiles to India totaled \$6.5 million, which is a 171 percent increase over the \$2.4 million that was exported in 2009.

Domestic demand includes⁴⁷:

- Baby diapers
- Adult incontinence diapers
- Feminine hygiene Products
- Surgical disposables (masks, scrubs, gowns, booties, head coverings)
- Disposable wipes
- Surgical Dressings
- Artificial implants

Protective Apparel

In 2014 the U.S. exported \$4.1 million in protective apparel to India. This is a 156 percent increase over the \$1.6 million the U.S. exported in 2009.

The protective apparel sector of the Indian apparel industry relies on imports to meet domestic demand. U.S. suppliers of textiles used in the manufacturing of protective clothing will find the most opportunities for⁴⁸:

- High altitude clothing
- High visibility and reflective clothing



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